

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 DOEE-00 /120 W  
-----006132 271204Z /50

O 271151Z MAY 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC IMMEDIATE 6862  
INFO ALL EC CAPITALS  
USMISSION GENEVA IMMEDIATE  
AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L BRUSSELS 10395

USEEC

STATE FOR COOPER

STR FOR AMBASSADOR STRAUSS AND WOLFF

GENEVA ALSO FOR MTN

PARIS ALSO FOR OECD

E.O. 11652: N/A  
TAGS: EEC, ETRD, EGEN, EIND  
SUBJECT: US/EC BILATERAL CONSULTATIONS: STEEL  
REF: (A) STATE 128608; (B) BRUSSELS (C) STATE 68324  
1. PLENARY SESSION DISCUSSED STEEL ISSUES MAY 26.  
BOTH SIDES EMPHASIZED THE PROGRESS MADE SINCE NOVEMBER  
IN MANAGING PROBLEMS AND MOVING TOWARDS A MULTILATERAL  
STEEL ARRANGEMENT.

2. INTERNATIONAL STEEL AGREEMENT:  
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US AND EC DELS NOTED THAT WORKING GROUP HAD REACHED  
AGREEMENT ON MANY ELEMENTS OF A DRAFT RESOLUTION FOR AN  
INTERNATIONAL STEEL AGREEMENT (REF A) AND WERE SUCCESS-  
FUL IN CLARIFYING AREAS OF CONTINUED DISAGREEMENT REGARD-  
ING INITIAL COMMITMENTS. A KEY ISSUE BLOCKING WORKING  
GROUP AGREEMENT HAD BEEN THE UNWILLINGNESS OF THE EC TO  
BRING ITS STEEL CRISIS ACTIONS UNDER GATT OBLIGATIONS.

AFTER DAVIGNON GAVE COOPER ASSURANCES THAT QUANTITY LEVELS IN EC BILATERALS WITH STEEL SUPPLIERS (THE TEXTS OF WHICH DAVIGNON PROMISED TO GIVE US) WERE NOT QUANTITATIVE RESTRICTIONS BUT RATHER GUARANTEES OF MARKET ACCESS, HAFERKAMP INVITED THE WORKING GROUP TO RECONVENE FOLLOWING THE PLENARY. AT THAT SESSION THE EC BACKED OFF THIS ASSURANCE AND REFUSED TO AGREE TO KEY LANGUAGE REGARDING QUANTITATIVE RESTRICTIONS. NEW BRACKETED AD REFERENDUM TEXT OF RESOLUTION AND REPORT ON MAY 26 SESSION OF WORKING GROUP BEING SENT SEPTTEL.

3. EC DELEGATION EMPHASIZED THE DIFFICULTY WHICH IT FACED GAINING SUPPORT FROM MEMBER STATES TO NEGOTIATE AN AGREEMENT DUE TO THE UNCERTAINTY CREATED BY THE PENDING ANTI-DUMPING CASES INITIATED BEFORE THE TRIGGER PRICE MECHANISM (TPM) WENT INTO EFFECT. EC SIDE (DAVIGNON) ASKED THAT THE USG PUT PRESSURE ON INDUSTRY TO WITHDRAW ITS COMPLAINTS. US SIDE (COOPER) NOTED THAT SOME FIRMS HAD WITHDRAWN COMPLAINTS BUT SAID THAT IF THE US INDUSTRY INSISTS ON THEIR LEGAL RIGHTS THEY CAN GO THROUGH WITH THEIR CASES.

4. TRIGGER PRICE FUNCTIONING:

BOTH SIDES AGREED THAT IT IS TOO EARLY TO ASSESS THE TPM SINCE IT HAS ONLY BEEN IN EFFECT FOR PRACTICAL PURPOSES SINCE MAY 1. BUT THE EC SAID THAT IT CONSIDERED ITS FIRST CONFIDENTIAL

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QUARTER SHIPMENTS TO THE US TO BE ABNORMAL AND THAT THEY WOULD DROP IN THE REMAINDER OF THE YEAR. HOWEVER THE EC WOULD CONSIDER IT A SERIOUS MATTER REQUIRING CONSULTATIONS IF THERE WERE A MAJOR CHANGE FROM NORMAL FLOWS. THE EC ALSO EXPRESSED DEEP CONCERN OVER THE POSSIBILITY THAT THE US WOULD INTRODUCE A MULTITIERED TPM BASED ON COSTS OF PRODUCTION OF DIFFERENT PRODUCERS. COOPER NOTED THAT THE INDUSTRY WAS PRESSING FOR THIS AND SAID THAT UNDER US LAW THIS REMAINS AN OPTION. BUT, HE SAID, THE ADMINISTRATION AT THIS STAGE WAS NOT IN FAVOR OF A MULTI-TIERED TPM EITHER BY POLICY OR INTENTION.

5. COST-OF-PRODUCTION INFORMATION:

DAVIGNON WARNED OF THE SERIOUS THREAT TO US/EC COOPERATION ON STEEL MATTERS AND TO COMMUNITY CONTROL OF STEEL POLICY POSED BY USG EFFORTS TO SEND INSPECTORS TO MEMBER STATES TO SEEK INFORMATION ON COSTS OF PRODUCTION (REF C). HE SAID THE COMMISSION WAS ALWAYS READY TO CONSULT ON THIS BUT THAT THE APPROACH SHOULD NOT GO THROUGH THE MEMBER STATES.

6. ACTION REQUESTED: AMBASSADOR HINTON WILL BE HAVING

LUNCH WITH DAVIGNON ON TUESDAY AND WOULD APPRECIATE ANY  
WASHINGTON REACTION BY THAT TIME. HINTON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEELS, TRADE AGREEMENTS, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Review Event:**  
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**Subject:** US/EC BILATERAL CONSULTATIONS: STEEL  
**TAGS:** ETRD, EGEN, EIND, US, EEC  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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